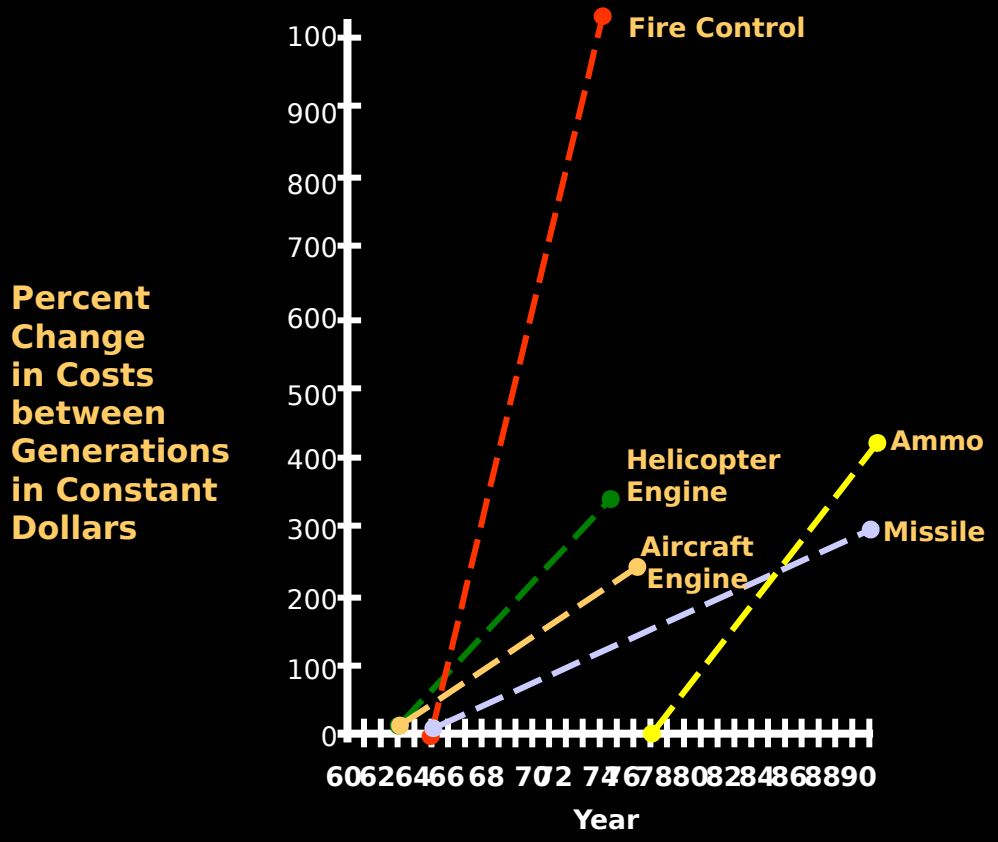
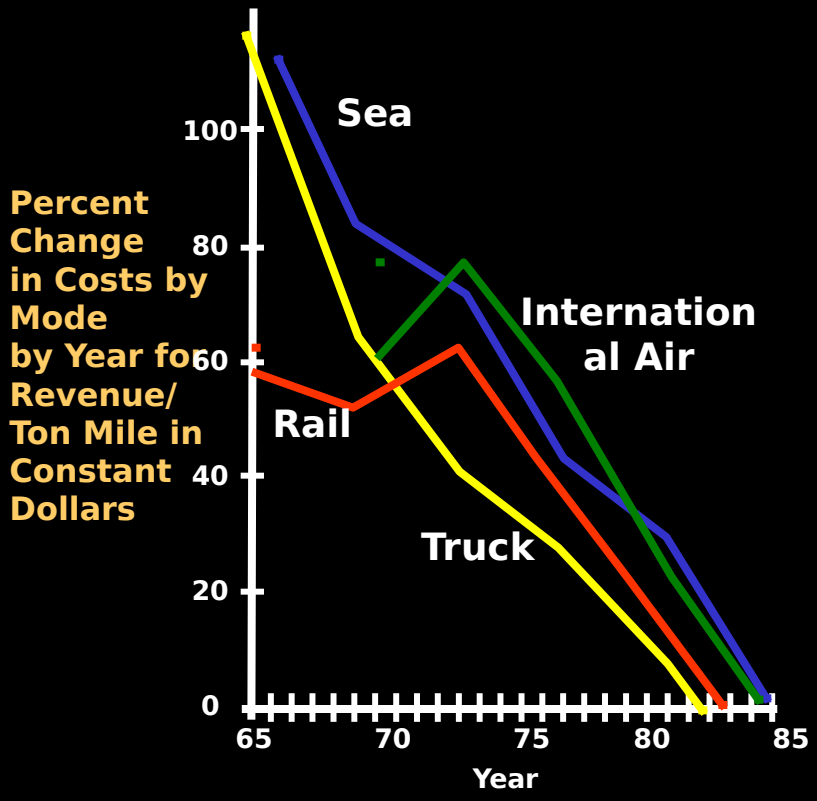
VELOCITY MANAGEMENT

THE STRATEGY TO RE-ENGINEER THE ARMY'S LOGISTICS PROCESS.

Basic Assumptions Underlying Logistics Policy Have Changed Radically



Materiel costs have increased dramatically



Transportation costs have decreased dramatically

Velocity Management

A Process Improvement Program Based On Best Business Practice

OBJECTIVE

Replace ***MASS*** with ***SPEED*** and ***ACCURACY***

- CSA DIRECTED
- CASCOM IS EXECUTIVE AGENT

"BETTER"

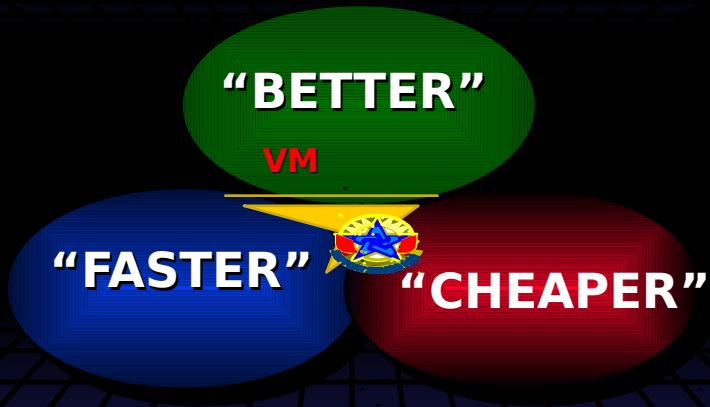
VM

"FASTER"

"CHEAPER"

Velocity Management Vision

Streamline the Army's logistics processes to ensure that soldiers receive the same quality of service that they would if the service were provided by a commercial firm.



Provide commanders in the field the tools to identify problem areas through the use of performance based metrics and reports.

Industry Benchmarks

96-98% fill from Dealer Stocks; next day delivery Hi-Pri" and 1-3 times per week delivery to dealers on routine replenish

service 96% of US with next day delivery

13-19 inventory turns per year

7 days of supply on hand -
52 turns per year

next day delivery in CONUS

80% same day service; 95% next day; 100% within 3 days

Velocity Management Methodology

1. Define the process

- Determine customers, inputs, outputs, value-added
- Use walk-through to achieve common understanding

2. Measure process performance

- Define metrics and identify data
- Determine baseline performance
- Develop "report cards"

3. Establish improvement goals

- Develop improved process designs
- Identifying and eliminate sources of delay

4. Implement the improvements

- Target improvement efforts
- Develop alternative solutions

5. Measure new process

- Measure against original baseline
- Cost benefit?

Start over

Iterate for continuous improvement

EVALUATE

Velocity Management Goals

Reduce

Order Ship Time (OST)

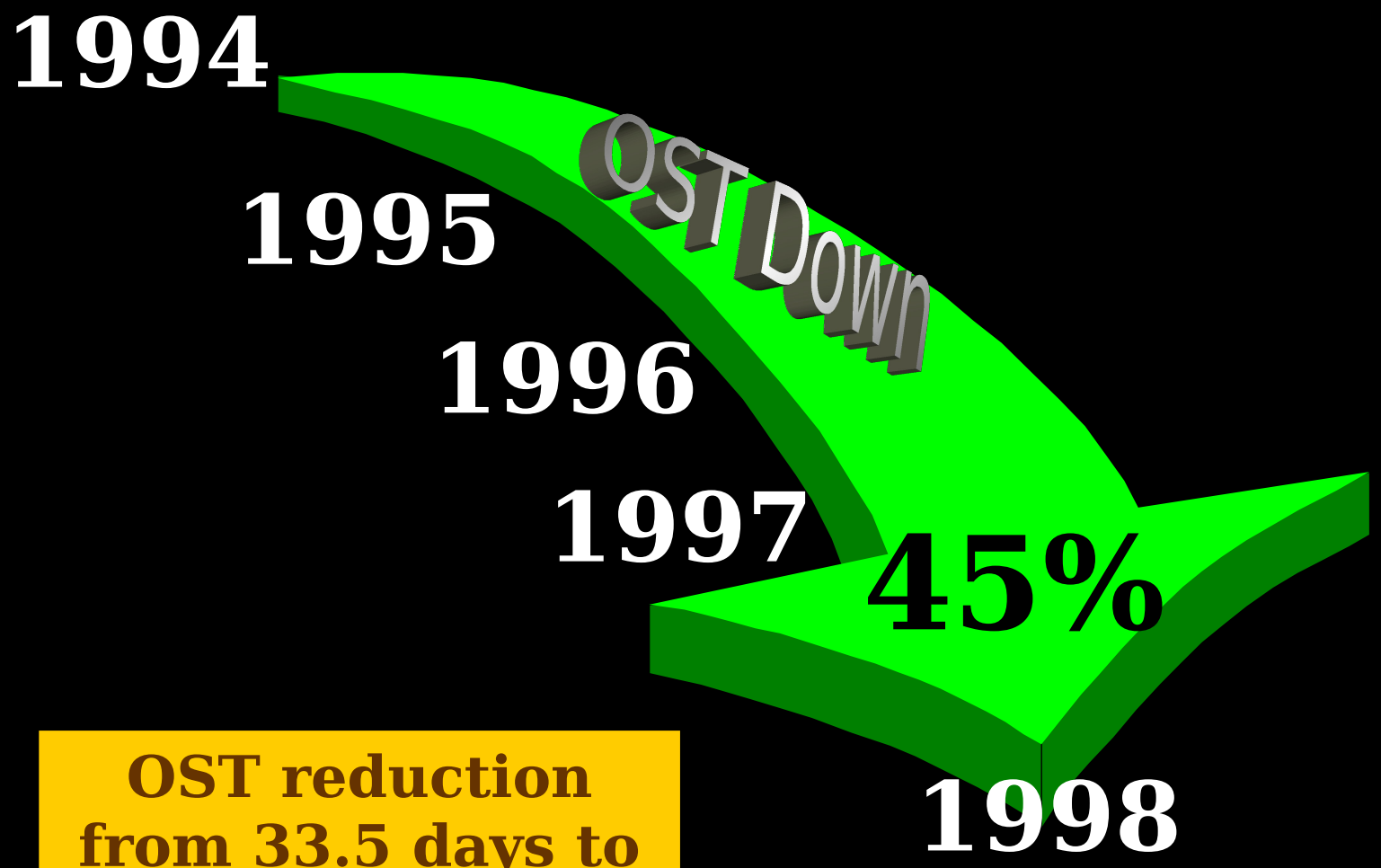
Reduce

Repair Cycle Time (RCT)

Reduce

ASL's & PLL's

Velocity Management, Order Ship Time (OST)



OST reduction from 33.5 days to 18.7 days

Velocity Management

Reduce

Order
Ship
Time
(OST)

Repair Cycle
Time
(RCT)

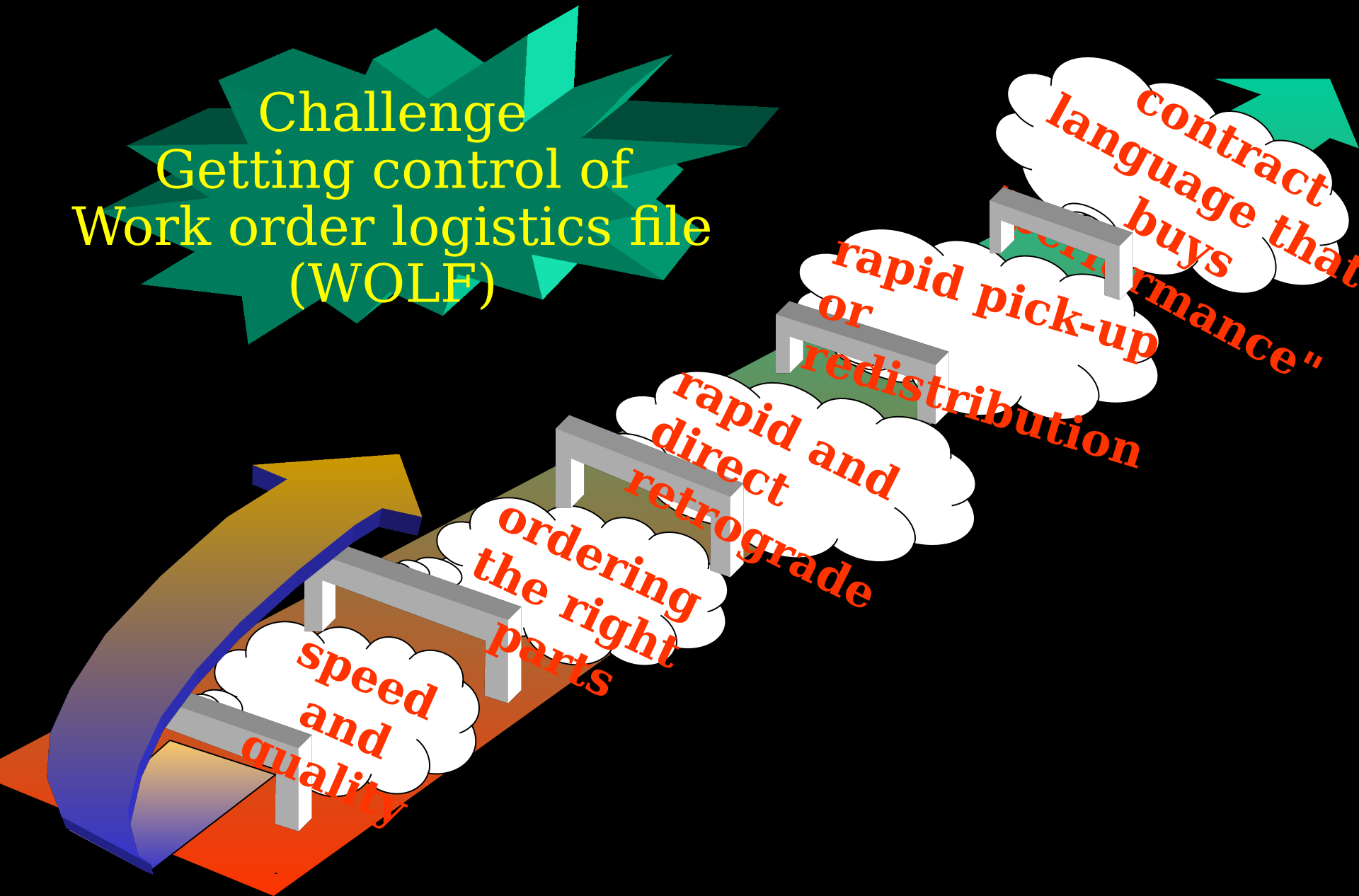
ASL's
&
PLL's

RCT Process Improvements

- ✔ Cycle Synchronization
- ✔ Implemented scheduled dedicated deliveries
- ✔ Bypass CRP (when possible)/ Reduction of multiple handling
- ✔ Packing by DODAAC from depots
- ✔ Eliminate turn-in appointments
- ✔ Same day material release order (MRO) processing by all DLA depots
- ✔ Eliminate steam cleaning/draining of major assemblies

RCT Reductions

Challenge
Getting control of
Work order logistics file
(WOLF)



Velocity Management

Supply Drawdown

Strategic and Wholesale Stocks

1990		Today
$10.6 B	DLA Decreased 8%	$6.4 B + $3.4B (CIT)
$18 B	AMC Decreased 39%	$11 B
2.2 M ST	Ammo World Wide Decreased 23%	1.7 M ST
1.55 M ST	Ammo OCONUS Decreased 44%	.87 M ST

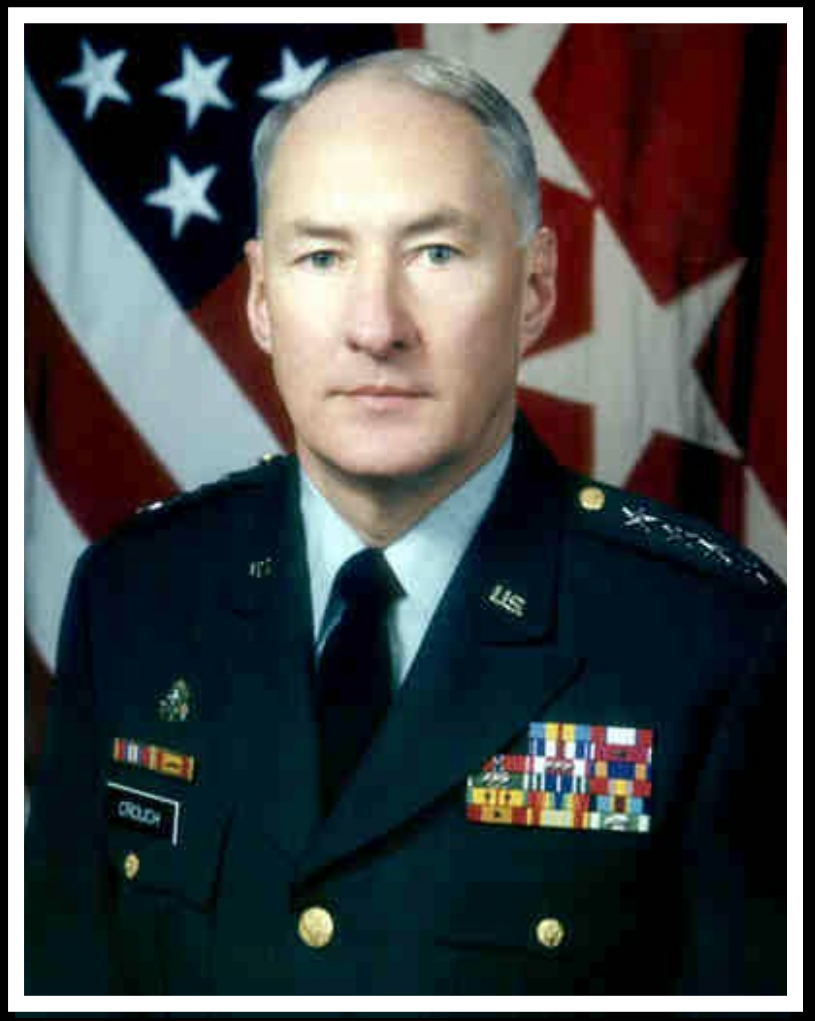
Operational and Retail Stocks

1990		Today
$1.5 B	ASL Decreased 33%	$1.0 B
300 lines	PLL Decreased 50%	150 lines

Stocks at All Levels Have Been Reduced

Extending Velocity Management Across the Force

"The army is under great pressure to find ways to reduce operating costs. We have directed the logistics community to achieve significant efficiencies to pay for other pressing army bills across the FY 98 through FY 03 program objective memorandum (POM). Doing that requires the firm and active commitment of commanders and leaders at all levels.



GEN William W. Crouch